

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 878)

**MAJOR TRANSACTION
DISPOSAL OF MORICH PROPERTIES
AND
RESUMPTION OF TRADING**

Reference is made to the announcements of the Company dated 20 March 2008, 22 April 2008 and 29 April 2008.

On 19 March 2008, the Vendor entered into the non-binding Memorandum with the Purchaser for the sale and purchase of the Properties for a consideration of HK\$470,000,000 payable by cash.

The Board announces that on 30 April 2008, the Vendor entered into the Agreements with the Purchaser for the sale and purchase of the Morich Properties. The aggregate consideration for the Disposal of the Morich Properties is HK\$449,000,000 payable by cash.

The transaction contemplated under the Agreements constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. As none of the Shareholders is interested in the Disposal, none of the Shareholders are required to abstain from voting in respect of the Disposal, and the written shareholders' approval was obtained from the Controlling Shareholder on 30 April 2008 approving the Disposal in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules. A circular of the Company in relation to the Disposal will be dispatched to the Shareholders as soon as reasonably practicable.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 2 May 2008 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 May 2008.

Reference is made to the announcements of the Company dated 20 March 2008, 22 April 2008 and 29 April 2008.

AGREEMENTS FOR SALE AND PURCHASE OF MORICH PROPERTIES DATED 30 APRIL 2008

Vendor : Morich Properties Limited

Purchaser : Elite Win Investments Limited

Summary : The Agreements were entered into between the Purchaser and the Vendor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Morich Properties. The aggregate consideration for the Disposal of the Morich Properties is HK\$449,000,000 (of which HK\$372,000,000 and HK\$77,000,000 shall be the respective consideration in respect of Morich Properties 1 and Morich Properties 2) payable by cash.

In respect of the Morich Properties 1, the initial deposit and part payment being HK\$18,600,000 has been paid to the Vendor on 2 April 2008 in the Escrow Account.

A further deposit and part payment being HK\$93,000,000 will be paid by the Purchaser to the Vendor on or before 6 May 2008 in the Escrow Account.

The remaining consideration for the purchase of the Morich Properties 1 being HK\$260,400,000 shall be paid to the Vendor on Completion.

In respect of the Morich Properties 2, the initial deposit and part payment being HK\$3,850,000 has been paid to the Vendor on 2 April 2008 in the Escrow Account.

A further deposit and part payment being HK\$19,250,000 will be paid by the Purchaser to the Vendor on or before 6 May 2008 in the Escrow Account.

The remaining consideration for the purchase of the Morich Properties 2 being HK\$53,900,000 shall be paid to the Vendor on Completion.

The escrow funds in respect of the initial deposit and further deposits mentioned above shall be released to the Vendor as part of the relevant purchase price for the Morich Properties upon Completion, and the interest accrued thereon shall also be released to the Vendor upon Completion for its own account.

For avoidance of doubt, the aggregate consideration for the disposal of the Properties shall be HK\$470,000,000 payable by cash, which shall be allocated as follows:

- (i) HK\$449,000,000 for the Morich Properties;
- (ii) HK\$14,000,000 for the LA Properties; and
- (iii) HK\$7,000,000 for the CS Property.

As at the date hereof, sale and purchase agreements in relation to the LA Properties and the CS Property have not been signed between the Vendor and the Purchaser, having regard that the legal title of the LA Properties and the CS Property are yet to be acquired by the Vendor.

The sale and purchase agreement for the LA Properties shall be signed between the Vendor and the Purchaser on or before 5:00 p.m. on 4 July 2008 (which may be extended to 5:00 p.m. on 30 September 2008 by the Vendor giving a notice in writing to the Purchaser) if the Purchaser is being satisfied that the Vendor has become the registered and beneficial owner of the LA Properties.

As soon as practicable after the satisfaction of the essential conditions (b) (as stated below), the Vendor agrees to enter into the sale and purchase agreement in respect of the CS Property with the Purchaser.

To the best knowledge of the Directors and having made all reasonable enquiries, the Purchaser and the ultimate beneficial owner of the Purchaser are not connected persons (as defined in the Listing Rules) of the Company and are independent from and not connected with the Company and its connected persons (as defined in the Listing Rules).

COMPLETION

Subject to all the conditions precedent and essential conditions being satisfied, Completion shall take place on or before 5:00 p.m. on 27 February 2009 or at or before 5:00 p.m. of any earlier date subject to not less than 20 working days prior written notice given to the Purchaser, provided that the Vendor may serve not less than 20 working days prior written notice to the Purchaser before 27 February 2009 to extend the date for Completion to a date no later than 5:00 p.m. on 30 June 2009, by reason only of the essential condition (b) not being complied with or demolition of the existing buildings on the Properties has not yet been completed.

CONDITIONS PRECEDENT

Completion is conditional upon (i) the Vendor on Completion deliver to the Purchaser the Properties in bare site condition and free of debris and with vacant possession (provided that notwithstanding that demolition of the existing buildings except that on Nos. 5-7A Warren Street cannot be completed on or before Completion, the parties shall complete the transactions contemplated therein while the Purchaser shall have an option to take over the demolition contract); and (ii) the essential conditions as stated below under the section headed "Essential Conditions" being satisfied.

In the event that any of the essential conditions (save and except essential condition (e)(ii) which shall be dealt with in the manner set out herein below) are not complied with to the satisfaction of the Purchaser (or its solicitors) by 5:00 p.m. on 27 February 2009 or (where the Vendor has extended such date) on 30 June 2009, the Purchaser shall have the option by giving the Vendor notice in writing not earlier than 7 working days before the date of Completion:

- (a) to annul the Agreements;

- (b) to extend the date of Completion by not more than 6 months; or
- (c) to proceed and complete according to the Partial Completion Option available to the Purchaser.

In the event that by 5:00 p.m. on 27 February 2009 or (where the Vendor has extended such date) on 30 June 2009 all the essential conditions have been fulfilled save and except essential condition (e)(ii) as stated herein below, if:

- (i) the aforesaid essential condition (e)(ii) is not satisfied (but waived) since the Scavenging Lane is excluded from the site area for gross floor area calculation purposes but by not exceeding certain area as agreed by the parties, the purchase price for the Morich Properties 1 and Morich Properties 2 shall be reduced to HK\$320,000,000 and HK\$66,000,000 respectively; or
- (ii) the aforesaid essential condition (e)(ii) is not satisfied since the Scavenging Lane is considered to be more than certain area as agreed by the parties and is excluded from site area for gross floor area calculation purposes, the Purchaser may exercise its option to:
 - (i) annul the Agreements which may have been entered into; or
 - (ii) to proceed and complete the purchase under the Agreements, and to complete its acquisition of the LA Properties and the CS Property, at the total consideration calculated as follows, and which shall be apportioned amongst the Properties:

Total consideration (HK\$) = site area as approved by the government x 10 x HK\$6,833.

The Purchaser intended to purchase the whole Properties for redevelopment purposes. However, since the titles of the LA Properties and the CS Property are yet to be fully acquired and certain essential conditions are yet to be fulfilled, the sale and purchase of the Properties were structured in such a way to cater for certain contingency situation.

ESSENTIAL CONDITIONS

Completion is subject to and conditional upon satisfaction of, among others, all of the following essential conditions:

(a) Simultaneous completion

Subject to Partial Completion Option, the simultaneous completion of the sale and purchase under the sale and purchase agreements for the Morich Properties, the sale and purchase agreements for the LA Properties and the completion of the acquisition of the CS Property.

(b) Title to the CS Property

The Purchaser being satisfied, in respect of the CS Property:

- (i) the Vendor obtaining (entirely at its own cost and solely upon its own application) a compulsory sale order under Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545);
- (ii) the Vendor successfully bidding and acquiring title to all of the property interests in Nos. 1 & 3 Jones Street, Hong Kong (including the CS Property);
- (iii) the title of the executor holding under a probate of the deceased owner and the possessory interest or title of the alleged squatter have all been extinguished, and documentary evidence satisfactory to the Purchaser having been shown to the Purchaser that either the squatter has been compelled by law or he shall have agreed in writing to relinquish all possessory interest or title (if any) in respect of the CS Property;
- (iv) the compulsory sale order is upon terms which does not prevent the Purchaser (or its nominee) from completing its intended redevelopment of the Morich Properties, the CS Property and the LA Properties as a whole; and
- (v) the Vendor being able to show, prove and good title to the CS Property in accordance with Section 13 of Conveyancing and Property Ordinance (Cap. 219), and contemporaneously selling and assigning the CS Property and all of the relevant lots and property interests in the buildings at Nos. 1 & 3 Jones Street, Hong Kong to the Purchaser at the stated consideration of HK\$77,000,000 for the Morich Properties 2 and HK\$7,000,000 for the CS Property.

(c) Title to the LA Properties

The Vendor having become the registered and beneficial owner of the LA Properties.

(d) Title as to the Properties

The Vendor being able to show, prove and give good title to all of the Properties to the Purchaser in accordance with Section 13 of the Conveyancing and Property Ordinance (Cap. 219).

(e) Government's approval and related matters

The Purchaser shall be satisfied, by way of having received written confirmation from the government that permission is given for: (i) building over (but not on) the Scavenging Lane; and (ii) the area of the Scavenging Lane be included in the calculation of the total gross floor area calculation purposes in the Purchaser's proposed redevelopment.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE PROPERTIES

The Properties are located in Tai Hang, Hong Kong and were acquired by the Group during the period in 2007. At the time the Morich Properties were acquired by the Vendor, the Morich Properties were held by the Vendor as investment properties for rental purpose. The registered site area of the Morich Properties is approximately 6,677 square feet (while the registered site area of the Morich Properties 1 and Morich Properties 2 are approximately 5,525 and 1,152 square feet respectively and the total saleable areas for LA Properties and CS Property are approximately 787 and 383 square feet respectively).

The carrying value of the Properties was HK\$262,813,000 (the carrying value of the Morich Properties 1, Morich Properties 2 and LA Properties were HK\$214,842,000, HK\$41,678,000 and HK\$6,293,000 respectively) as shown in the management account of the Company as at 30 April 2008.

In relation to the details of the Properties, please refer to the table hereinbelow for their respective descriptions:

Morich Properties 1:

Address	Type of building	No. of storey	Date of occupation permit	Age (years)
Nos. 5 & 7 Jones Street (see note)	Residential building with ground floor	5	7 October 1959	48
Nos. 9 & 11 Jones Street	Residential building with ground floor	6	17 November 1960	47
No. 3 Warren Street	Residential building with ground floor	6	12 February 1964	44
Nos. 5, 5A, 7 & 7A Warren Street (see note)	Residential building with ground floor	6	6 December 1962	45
Nos. 9 & 11 Warren Street	Residential building with ground floor	6	11 May 1983	24

Note: LA Properties are located at 1/F, No. 5 Jones Street, Hong Kong; and (ii) Flat A, 3/F, Nos. 5, 5A, 7 & 7A Warren Street, Hong Kong

Morich Properties 2:

Address	Type of building	No. of storey	Date of occupation permit	Age (years)
Nos. 1 & 3 Jones Street (see note)	Residential building with ground floor	6	17 November 1960	47

Note: CS Property is located on 4/F, No. 1 Jones Street, Hong Kong

LA Properties:

Address	Type of unit	Date of occupation permit	Age (years)
1/F, No. 5 Jones Street	Residential unit	7 October 1959	48
Flat A on Nos. 5, 5A, 7 & 7A Warren Street	Residential unit	6 December 1962	45

CS Property:

Address	Type of unit	Date of occupation permit	Age (years)
4/F, No. 1 Jones Street	Residential unit	17 November 1960	47

In light of the substantial gain expected to be generated from the Disposal, the Directors consider that it is an opportunity for the Group to realize its investments in the property market. The Group has purchased or agreed to purchase (as the case may be) the Properties (other than the CS Property) at a cost of HK\$262,813,000 in aggregate (the Morich Properties 1, Morich Properties 2 and LA Properties at a cost of HK\$214,842,000, HK\$41,678,000 and HK\$6,293,000 respectively).

Based on such acquisition costs, the expected net gain accrued to the Group upon completion of the Disposal of the Morich Properties and the LA Properties will approximately be HK\$195,687,000 after taking into account selling and other expenses payable by the Group in relation to the Disposal of the Properties approximately HK\$4,500,000. The Group intends to use the sale proceeds from the Disposal of the Properties as to approximately HK\$160,000,000 for repayment of the mortgages on the Morich Properties and LA Properties and the balance of HK\$298,500,000 for general working capital of the Group.

In relation to the CS Property, after obtaining the order from the court for compulsory sale, the CS Property will be offered for sale under public auction. In this regard, the cost to acquire the CS Property is yet to be ascertained.

The gross rental income attributable to part of the Morich Properties 1 and Morich Properties 2 with tenancies are approximately HK\$16,600 and HK\$8,000 for the year ended 31 December 2007 respectively. The net rental income attributable to part of the Morich Properties 1 and the Morich Properties 2 with tenancies are approximately HK\$14,486 and HK\$7,714 for the year ended 31 December 2007 respectively.

The Directors confirm that the consideration for the Properties has been determined after arm's length negotiations between the parties by reference to the market value of similar properties in the same location. The valuation of the Properties by CB Richard Ellis Limited, an independent professional valuer with valuation date as at 17 March 2008 was approximately HK\$414,000,000 with reference to the comparable market price. The consideration of the Disposal is at 13.5% premium as compared to such value. The Directors considered that the Disposal at such premium is a good opportunity for the Group to realize its investments.

The Directors are of the view that the Disposal is in the interest of the Company and the terms of the Memorandum and the consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE PURCHASER

The Company

The Company is an investment holding company. The Group is principally engaged in property development, property leasing and provision of building management services in Hong Kong and infrastructure facilities in the PRC.

The Purchaser

The Purchaser carries on the business of property investment and is incorporated in Hong Kong with limited liabilities.

To the best knowledge of the Directors and having made all reasonable enquiries, the Purchaser and the ultimate beneficial owner of the Purchaser are not connected persons (as defined in the Listing Rules) of the Company and are independent from and not connected with the Company and its connected persons (as defined in the Listing Rules).

GENERAL

The transaction contemplated under the Agreements constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. As none of the Shareholders is interested in the Disposal, none of the Shareholders are required to abstain from voting in respect of the Disposal, and the written shareholders' approval was obtained from the Controlling Shareholder on 30 April 2008 approving the Disposal in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules. A circular of the Company in relation to the Disposal will be dispatched to the Shareholders as soon as reasonably practicable.

In relation to the sale and purchase of the LA Properties and the CS Property, the Company will duly comply with the Listing Rules and publish an announcement on the disposal of the CS Property and the LA Properties at the relevant time in order to keep the Shareholders informed.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 2 May 2008 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 May 2008.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreements”	the agreements dated 30 April 2008 in relation to the sale and purchase of the Morich Properties entered into between the Vendor and the Purchaser
“Board”	the board of Directors
“Completion”	completion of the sale and purchase of the Morich Properties pursuant to the terms and conditions of the Agreements, the details of which are set out in the section headed “Completion” of this announcement
“Company”	Soundwill Holdings Limited, a limited liability company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange (stock code 878)
“Controlling Shareholder”	Ko Bee Limited, a company incorporated in British Virgin Islands which owns 156,783,709 Shares, representing 70.05% of the issued share capital of the Company and the ultimate owner of which is Madam Foo Kam Chu, the chairman of the Company
“CS Property”	4/F, No. 1 Jones Street, Hong Kong
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Morich Properties by the Vendor to the Purchaser pursuant to the Agreements
“Escrow Account”	the escrow fund account jointly maintained by the Vendor’s solicitor and the Purchaser’s solicitor at the Hong Kong & Shanghai Banking Corporation Limited

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“LA Properties”	(i) 1/F, No. 5 Jones Street, Hong Kong; and (ii) Flat A on 3/F, No. 5, 5A, 7 & 7A Warren Street, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of understanding entered into between the Vendor and the Purchaser on 19 March 2008
“Morich Properties”	collectively the Morich Properties 1 and Morich Properties 2, (i.e. Properties other than LA Properties and CS Property)
“Morich Properties 1”	Nos. 5, 7, 9 and 11, Jones Street, Hong Kong and Nos. 3, 5, 5A, 7, 7A, 9 and 11 Warren Street, Hong Kong (other than the LA Properties)
“Morich Properties 2”	Nos. 1 and 3 Jones Street, Hong Kong (other than the CS Property)
“Partial Completion Option”	the option of the Purchaser to (i) only the purchase of the Morich Properties 1 and the LA Properties at the respective consideration as stated above and cancel the sale and purchase agreement for the Morich Properties 2; or (ii) the purchase of the Morich Properties and the LA Properties at the total consideration as stated in this announcement
“Properties”	all of the Nos. 1, 3, 5, 7, 9 and 11, Jones Street, Hong Kong and Nos. 3, 5, 5A, 7, 7A, 9 and 11 Warren Street, Hong Kong
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Elite Win Investments Limited, a company incorporated in Hong Kong with limited liability, or its designee
“Scavenging Lane”	the rights of way for a strip of land running parallel to Jones Street/ Warren Street
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Morich Properties Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned indirect subsidiary of the Company
“working day(s)”	a day between Monday and Friday on which licensed banks are opened for business in Hong Kong
“%”	per cent.

By Order of the Board
Soundwill Holdings Limited
Kwan Chai Ming
Executive Director

Hong Kong, 5 May 2008

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Tse Chun Kong Thomas, Kwan Chai Ming; (ii) Non-Executive Directors: Liang Yanfeng, Meng Qinghui; and (iii) Independent Non-Executive Directors: Heng Kwo Seng, Kwan Kai Cheong and Ho Suk Yin.